BRÜDER MANNESMANN
REMSCHEID AKTIENGESELLSCHAFT

Six months' statement 2007

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Group interim management report

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries operate in international trading with tools and valves. Below the holding, two independently operating lines operate on the market, Tools Trading and Values Trading. The subsidiary Brüder Mannesmann Grundbesitz GmbH operates exclusively as a rental company for the existing property. It does not operate on the market. This property relates to industry and administration properties which have been owned for decades and which are still largely used for company operations.

Tools Trading

In the first half-year of 2007, the Tools Trade division realised sales of € 34.8 million after € 37.6 million in the corresponding period of the previous year. In the process international sales posted an outstanding upturn of almost 15 %. This equates to an increase of € 2 million to € 15.6 million. The international share moved up from 36.1 % to 44.6 %. In Germany the extraordinarily good sales of € 24.1 million in the first six months of 2006 were not achieved, because some trading campaigns have not yet been repeated. For the first half-year of 2007, sales of € 19.3 million were generated in Germany.

Valves Trade

With sales of € 13.2 million in the first half year of 2007, the Valves Trade division achieved approximately the same figure as the corresponding previous-year period of € 13.3 million. It thus continued on from the positive development of the previous year.

Mezzanine financing

In the reporting period, the company received a subordinate loan for a nominal amount of € 5 million. The creditor is H.E.A.T. Mezzanine S.A. Luxembourg. At the current time, the interest rate is 8.251 %. The loan has a duration of 7 years. With this mezzanine subordinate loan, a bank loan of € 4.8 million was repaid.

General development of business in the Group

In the first half of 2007, the momentum of the general economic climate was lower than the previous year. The increase in the gross domestic product in the first quarter of 2007 was thus only 0.5 % after 0.9 % in 2006. In the second quarter of 2007, growth was only 0.3 % after 1.3 % in the equivalent period of the previous year.

In the first six months of 2007, group sales at € 48.5 million were maintained at an attractive level, reaching a level of 51.7 % of total sales over the previous year. In the first six months of 2006, group sales of € 51.4 million were achieved. However, this was characterised by an extraordinary development in 2006, something which could not be repeated to this extent in 2007. EBIT in the second quarter of 2007 reached € 0.85 million, thus exceeding the figure of the first quarter of 2007 by € 0.27 million or 46.6 %. EBIT of the first half-year 2007 was thus € 1.43 million, demonstrating the sustainable profitability of the operating companies. The EBIT margin was advanced from approximately 2.2 % in the first quarter of 2007 to almost 3 % in the first half-year of 2007. In the second quarter of 2007 alone, 3.9 % was posted.

In the first quarter of 2007 the company executed interest rate optimisation transactions on an underlying totalling € 25.0 million. The swap transactions are not to be classified as a derivative held for hedging purposes and are thus carried at fair value. For an underlying of € 12.5 million, the company included expenses of € 460 thousand to cover risks. Otherwise fair values in line with IAS 39.A or alternatively in line with the DCF method are € 75 thousand.

Outlook

On the basis of the extremely good market positions of both operating divisions in comparison to the first half-year of 2007, the business trend in the next two quarters is likely to be expanded. However, due to the very good figures posted by the company in the previous year, it remains to be seen whether the previous-year figures can again be exceeded.

Risks remain in the price trend for raw materials and energy which could result in higher purchasing prices. However, these risks exist across the industry and thus also impact our competitors. What is more, up to now higher prices on the purchasing front has also been passed on by sales with a slight time lag.

Remscheid, August 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management

Jürgen Schafstein   Bernd Schafstein

Consolidated Balance Sheet

ASSETS

	Notes	30.06.2007 TEUR	31.12.2006 TEUR
NON-CURRENT ASSETS			
Goodwill	3.1.	3,845	3,845
Other intangible assets	3.1.	729	825
Property, plant and equipment	3.2.	7,223	7,298
Investment property		8,377	8,377
Financial assets		30	35
Deferred tax assets	3.3.	3,624	3,611
Other assets	3.4.	159	131
		23,987	24,122
CURRENT ASSETS			
Inventories		12,462	13,508
Trade receivables		16,702	11,053
Other receivables and other assets		1,794	1,202
Cash and cash equivalents		13,395	11,996
		44,353	37,759
Balance sheet total		68,340	61,881

LIABILITIES

	Notes	30.06.2007 TEUR	31.12.2006 TEUR
EQUITY			
Share capital		7,700	7,700
Reserves		1,697	1,697
Unappropriated surplus	3.5.	194	151
		9,591	9,548
NON-CURRENT LIABILITIES			
Mezzanine subordinate loans	3.6.	16,899	12,053
Provisions for pensions and similar liabilities		7,644	7,282
Financial liabilities	3.6.	15,660	20,876
Other liabilities		807	807
Deferred tax liabilities		449	225
		41,459	41,243
CURRENT LIABILITIES			
Other provisions		1,505	1,129
Financial liabilities		1,882	873
Trade liabilities		11,349	7,075
Other liabilties		2,554	2,013
Current income tax liabilities		0	0
		17,290	11,090
Balance sheet total		68,340	61,881

Consolidated Statement of Earnings

	Notes	01.04.-30.06. 2007 TEUR	01.04.-30.06. 2006 TEUR	01.01.-30.06. 2007 TEUR	01.01.-30.06. 2006 TEUR
Sales revenue	4.1.	21,824	24,657	48,452	51,361
Other operating income		153	79	230	418
Costs of materials		-16,412	-18,749	-37,059	-39,671
Staffing costs		-2,338	-2,192	-4,562	-4,574
Other operating expenses		-2,263	-2,750	-5,400	-5,293
EBITDA		964	1,045	1,661	2,241
Amortisation and depreciation of intangible assets and property, plant and equipment		-114	-143	-228	-291
EBIT (operating result)		850	902	1,433	1,950
Financial earnings		-619	-786	-1,176	-1,313
EARNINGS BEFORE TAX		231	116	257	637
Income taxes	4.2.	-191	56	-214	-274
NET CONSOLIDATED INCOME		40	172	43	363
Earnings per share (undiluted) in EUR	4.3.	0.01	0.06	0.01	0.12
Earnings per share (diluted) in EUR	4.3.	0.01	0.06	0.01	0.12

Consolidated Capital Finance Account

	30.06.2007 TEUR	30.06.2006 TEUR
EBIT	1,433	1,950
Depreciation on noncurrent assets	228	291
Gains on disposal on noncurrent assets	-6	0
Change of noncurrent provisions and other noncurrent liabilities	362	-484
Other non-cash income and expenses	46	18
Interest payments	-132	-662
Income tax payments	-91	-334
Cash inflows / outflows from operating activities before change in current net assets	1,840	779
Change of current assets / liabilities		
Inventories	1,046	-111
Trade receivables	-5,649	-6,014
Other receivables and other assets	-591	-225
Financial liabilities	1,022	-3,834
Trade liabilities	4,274	3,675
Other liabilities and other items	1,004	611
Inflows / outflows from operating activities	2,946	-5,119
Inflows from disposal of noncurrent assets	23	0
Outflows for investment properties	-95	-464
Interest received	177	38
Dividends received	0	0
Current financial instruments	0	0
Inflows / outflows from investing activities	105	-426
Change of long-term financial liabilities		
Borrowing subordinated loan	4,800	12,000
Borrowing other long-term financial liabilities	0	2,500
Repayment long-term financial liabilities	-5,230	-228
Interest payments	-1,222	-689
Inflows / outflows from financing activities	-1,652	13,583
Changes in cash and cash equivalents	1,399	8,038
Cash and cash equivalents on 1 January	11,996	720
Cash and cash equivalents on 30 June	13,395	8,758

Statement of Changes to Shareholders' Equity

	Share capital TEUR	Capital reserves TEUR	Revenue reserves* TEUR	Retained earnings brought forward TEUR	Net income TEUR	Total share-holders' equity TEUR
Shareholders'equity as at December 31, 2005	7,700	770	40	0	903	9,413
Transfer to retained earnings brought forward from 2005 net income				903	-903	
Profit January 1, to June 30, 2006					363	
Shareholders'equity as at June 30, 2006	7,700	770	40	903	363	9,776
Shareholders'equity as at December 31, 2006	7,700	770	927	0	151	9,548
Transfer to retained earnings brought forward from 2006 net income				151	-151	
Profit January 1, to June 30, 2007					43	
Shareholders'equity as at June 30, 2007	7,700	770	927	151	43	9,591

* Currency translation differences incurred in previous years have been offset against revenue reserves.

Consolidated Notes

1. General information about the consolidated financial statements

Brüder Mannesmann Aktiengesellschaft is a holding company whose operating subsidiaries operate in international trading of tools and valves. Two independently operating lines are established on the market, "Tools Trading" and "Valves Trading". The subsidiary Brüder Mannesmann Grundbesitz GmbH operates exclusively as a company renting existing property. It does not operate on the market.

The registered business address of the group is: Lempstraße 24, 42859 Remscheid, Germany.

Brüder Mannesmann Aktiengesellschaft is entered into the Commercial Register of the Wuppertal District Court under HRB 11838.

Brüder Mannesmann Aktiengesellschaft is a listed company accepted for trading in the Prime Standard segment.

2. Accounting and valuation policies

2.1. Principles of preparing the financial statements

The consolidated financial statements of Brüder Mannesmann Aktiengesellschaft as at 31 December 2006 were prepared in accordance with the International Financial Reporting Standards (IFRS) accepted by the EU and valid on the reporting date of the financial statements.

The interim financial statements of the group as at 30 June 2007 had been prepared in accordance with the International Accounting Standard (IAS) 34 (Interim Financial Reporting). The interim report was made by using the same accounting methods as in the 2006 group financial report. For more information we refer to the annual financial report 2006. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2007 have been applied. The consolidated financial statements are prepared in euro. Unless otherwise stated, all amounts are shown in thousand euro (TEUR).

The interim financial statements have neither been audited nor reviewed by the group auditor, the Morison AG, Frankfurt am Main.

Scope of consolidation

The companies included in consolidation are the same as of 31 December 2006. Seven German (previous year seven) and one foreign (previous year one) subsidiary are controlled by Brüder Mannesmann Aktiengesellschaft in line with IAS 27 (Consolidated and Separate Financial Statements).

2.2. Application of new accounting policies

IFRS 7 (Financial Instruments: Disclosures) is applied by the Brüder Mannesmann Group in the financial statements for the financial year 2007. The application of the extended standard had no impact on the interim financial statements of Brüder Mannesmann Aktiengesellschaft.

During the second quarter 2007 no new financial reporting rules came into force. The International Financial Reporting Interpretations Committee published the Interpretation IFRIC 13 (Customer Loyalty Programme) in the second quarter 2007. It is mandatory for financial periods beginning on or after 1 July 2008. Brüder Mannesmann Aktiengesellschaft is currently examining the impact of the new regulations on the consolidated financial statements.

3. Notes on the consolidated balance sheet

3.1. Intangible assets

Under goodwill, goodwill from capital consolidation is reported. The amortisation of the other intangible assets amounted to TEUR 96 (previous year TEUR 70).

3.2. Property, plant and equipment

Additions to property, plant and equipment amounted to TEUR 67 (previous year TEUR 42) and disposals amounted to TEUR 12 (previous year TEUR 0). Depreciation come out to TEUR 132 (previous year TEUR 221).

3.3. Deferred tax assets

Deferred tax assets break down as follows:

	30.06.2007 TEUR	31.12.2006 TEUR
Recoverable taxes from tax loss carryforwards	2,591	2,591
Deferred taxes on time valuation differences	1,013	1,000
Deferred taxes on consolidation adjustments	20	20
	3,624	3,611

3.4. Other noncurrent assets

Other noncurrent assets relate noncurrent deferred income of TEUR 167 (31 December 2006 TEUR 131).

3.5. Unappropriated surplus

The unappropriated surplus items contains the consolidated net income of the reporting period of TEUR 43 (previous year TEUR 363) and the profit carried forward of TEUR 151 (previous year TEUR 903).

The development of equity is presented in the statement of changes in equity.

3.6. Financial liabilities

During the reporting period the group took up a mezzanine subordinate loan with a nominal volume of TEUR 5,000. Creditor is the H.E.A.T. Mezzanine S.A. Luxemburg. The current interest rate come to 8.251 %.

The carrying amount on 30 June 2007 contains the amount disbursed taking account of a discount. The loan is subordinate to claims of all existing and future creditors. The loan duration is seven years.

The mezzanine subordinate loan was used to pay back a bank loan about TEUR 4.800.

4. Notes on the consolidated income statement

4.1. Sales

The general principles of earnings from transactions apply to sales revenue. Please refer to the segment reporting in section 5 for the breakdown of revenue by divisions and regions.

4.2. Income taxes

This item comprises the following:

	30.06.2007 TEUR	30.06.2006 TEUR
Actual tax expenses	-3	-105
Deferred tax expenses	-211	-169
	-214	-274

4.3. Earnings per share

Earnings per share is calculated on the basis of the net income/loss and the share of outstanding shares (in both years unchanged at 3,000,000 shares).

There were no dilutive options. Diluted earnings per share thus is the same as undiluted earnings per share.

5. Segment reporting

Segment report by segment and region to 30 June 2007

	Tools 30.06.2007 TEUR	Valves 30.06.2007 TEUR	Land 30.06.2007 TEUR	Reconciliation 30.06.2007 TEUR	Group 30.06.2007 TEUR
Revenue with third parties	34,846	13,207	399	0	48,452
Revenue with other segments	0	0	300	-300	0
Total revenues	34,846	13,207	699	-300	48,452
Revenues by region					
Germany	19,293	12,661	399	0	32,353
Outside Germany	15,553	546	0	0	16,099
Of which EU	11,452	429	0	0	11,881
Result	1,227	458	444	-2,086	43
Assets	31,830	8,303	13,479	14,728	68,340
Liabilities	16,916	4,257	186	37,390	58,749
Investments in assets	37	30	0	0	67
Depreciation	-130	-57	-51	10	-228
Non-cash expenses excluding depreciation	-261	0	0	-384	-645
Number of employees (average figure for the year) (without trainees)	76	53	0	5	134

Breakdown by segments is in line with the internal reporting structure and covers the segments Tools, Valves and Land.
Segment assets, segment liabilities and segment investments occur entirely in Germany.

Segment reporting was prepared in line with the regulations of IAS 14 (Segment Reporting). In line with the internal reporting structure, the individual annual financial statement data is dividend into the company segments of tools, values and land. Transactions between segments were conducted at standard market conditions.

The segment information is based on the same accounting information as the consolidated financial statements as at 31 December 2006.

	Tools 30.06.2006 TEUR	Valves 30.06.2006 TEUR	Land 30.06.2006 TEUR	Reconciliation 30.06.2006 TEUR	Group 30.06.2006 TEUR
	37,622	13,340	399	0	51,361
	0	0	297	-297	0
	37,622	13,340	696	-297	51,361
	24,053	12,933	399	0	37,385
	13,570	406	0	0	13,976
	9,128	358	0	0	9,486
	1,326	439	294	-1,696	363
	38,614	7,148	13,512	6,799	66,073
	15,886	3,914	201	36,296	56,297
	449	13	0	2	464
	-104	-53	-142	8	-291
	-840	0	0	-169	-1,009
	77	55	0	5	137

6. Supplementary information

In the reporting period the company executed interest rate optimisation transactions on an underlying totalling € 25.0 million. The swap transactions are not to be classified as a derivative held for hedging purposes and are thus carried at fair value. For an underlying of € 12.5 million, the company included expenses of TEUR 460 to cover risks. Otherwise fair values in line with IAS 39.A or alternatively in line with the DCF method are TEUR 75.

7. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial positions and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Remscheid, August 2007
Brüder Mannesmann Aktiengesellschaft,
Board of Management

Jürgen Schafstein　　Bernd Schafstein